

C O P YChief, Audit StaffC O P YC O P Y

28 Dec 1959

Director of Logistics

Government Furnished Equipment and Material

REF : Memorandum to Director of Logistics from Chief, Audit Staff, dated 5 November 1959, Subject: Report of Audit of General Ledger Accounts (Property) as of 15 April 1958.

1. The Supply Division prepared a proposed Logistics Instruction which outlined policy and procedures for establishing accountability and maintaining property records on subject. This, however, was not submitted as it was found that the Procurement Division, Contracts Administration Branch, maintains property records in accordance with the Armed Services Procurement Act, (Public Law 413, 80th Congress, second session) under which the Agency operates as authorized by Public Law 110, 81st Congress, first session.

2. Government Furnished Equipment falls in two categories (a) that which is issued from Agency stock and carried in Allocation 06 (on loan) Account 170, Property On Hand, and (b) that which is procured by the contractors under terms of the contract and title is vested in the Agency. In the latter instance, formal financial property accounting records are not maintained. However, informal property records are maintained by the Procurement Division and dollar value of such property may be made available on request.

3. Some of the property furnished from Agency stock has been in possession of the contractors for extensive periods of time, as has that which was contractor procured. In the majority of instances the property because of (a) destruction through fair wear and tear, (b) transfer for use by another contractor, and (c) no Agency requirements will not be returned for Agency use and will be disposed of accordingly.

4. It is therefore proposed to establish policy and procedures which will permit the Supply Division to effect issues of Government Furnished (nonexpendable) equipment as a direct charge to the appropriate cost center account of each contract. Such items will then be picked up on property records by the Procurement Division, Contract Administration Branch, either by contract or contractor, in the same manner in which Agency furnished or contractor procured items are now recorded. Upon completion of the contract, on the basis of Agency requirements, nonexpendable equipment will be picked up on property records as a return from project or disposed of by sale or destruction, whichever is feasible.

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SUBJECT: Government Furnished Equipment and Material

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15/ [REDACTED] *1/22/69*
fad/ JAMES A. GARRISON

Distribution:

Orig & 1 - Addressee

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OL/SD/PBS: [REDACTED] at/3500 (17 Dec 59)

CONCUR:

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15/ [REDACTED] *1/22/69*
OL/Procurement Division Date

CONCUR SUBJECT TO NOTE BELOW:

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15/ [REDACTED] *1/22/69*
DAP/Comptroller Date

NOTE:

The above concurrence is subject to (1) a review of the memorandum property records maintained in the Procurement Division relative to subject, participated in jointly by representatives of the Office of Logistics, Management Staff and the Technical Accounting Staff of this Office, to assure that such records adequately provide the required information as to property items and value with each contractor; (2) arrangement for the Procurement Division as indicated in paragraph 2 above, to furnish the Finance Division of this Office by the third working day following the end of each quarter, with a quarterly advice of the dollar value of subject property owned by the Agency as evidenced by the records of the Procurement Division as of the close of the preceding quarter; and (3) the performance by Audit Staff of an annual audit of the subject records as maintained by the Procurement Division.

Concur

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